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CENTRAL INTELLIGENCE AGENCY

17 August 1954

SUBJECT: EXCERPTS NIE 12-54: PROBABLE DEVELOPMENTS IN THE  
EUROPEAN SATELLITE AS THEY AFFECT SOVIET CAPA-  
BILITIES, THROUGH MID-1956

~~ANNEX~~

STATEMENT ON RELIABILITY OF ESTIMATES

We have more information about some satellites (e.g., East Germany) than others (e.g., Rumania) and in each satellite the evidence is better for some fields (e.g., production of raw materials) than others (e.g., production of manufactured consumers' goods). For these reasons it has seemed desirable to add a statement indicating, in every general terms, the relative reliability of our estimates on each major field for each satellite.

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Economic

Any estimate of an economic magnitude by its very nature is subject to some margin of error. The following estimates of the probable margin of error of the economic magnitudes presented in this Estimate are derived from the valuations of the analysts who were responsible for processing and analyzing the basic intelligence

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material used in the estimation process, and who supplied the output estimates which were in turn aggregated to GNP. The Gross National Product estimates themselves are considered to be accurate within a range of plus or minus 10 percent.\* Gross National Product sectors are also generally within the same range. Estimates of current and past commodity production are generally within a range of plus or minus 10 to 20 percent. Toward the lower end of this range ( $\pm$  10 percent) are, generally, basic materials and energy, such as agricultural commodities, coal and electric power, while the larger range of error (up to  $\pm$  20 percent) are assigned to manufactured goods, e.g., machinery of various types. The range of error of the 1956 estimates would be somewhat higher than that of the other estimates since the 1956 figures are subject to a forecasting error, to which estimates of current and past output are not.

#### Military

The figures on the strengths of Satellite armies are considered reliable within acceptable limits; the margin of probable error is less than 10 percent. Information on the Rumanian Army is more limited than on the others, and it is therefore considered that the strength estimates for that army have a slightly lower reliability.

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\* The interpretation of the meaning of these ranges is that the analysts estimates that it is highly improbable (generally one chance in 20) that his estimate would fall outside the limits of the range.

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Air order of battle and air facility estimates on this area are derived principally from information which varies in reliability depending upon the particular Satellite under discussion. For example, in Poland we have fairly reliable information on aircraft strength and location, air facilities and over-all air activity in that country. Czechoslovakia ranks second in the amount and reliability of air information available among the Satellites. Most subjects of importance, such as air order of battle, air facilities, and air defense are well covered in reliable information. Estimates on Soviet and East German aircraft strength, particularly types and location, and air facilities are, in most instances, considered to be reliable although there is a lack of depth on background information. In Rumania and Bulgaria, a lack of firm information limits the reliability of aircraft strength estimates and air facilities development for these nations. In summary, we believe that our over-all air estimates for the Satellites are fairly firm and reliable. This is particularly so for the more important Satellites such as Poland, Czechoslovakia, and East Germany; the evidence for Rumania and Bulgaria is less firm. Intelligence on the aircraft industry in the Satellites is obtained from a variety of sources. These reports vary considerably in reliability and the coverage is not as complete as desired although it is somewhat better in Czechoslovakia than in Poland.

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There is good information on the size of the various plants involved from which maximum capability can be readily computed. Although there is firm evidence of the aircraft types in current production, there is some question as to whether current output of fighters consists of the MiG-15 with the RD-45 engine or the MiG-15 BIS with the VK-1 engine. On the basis of available evidence it is believed that those now being produced in Czechoslovakia are equipped with VK-1 engines while those produced in Poland, and earlier models in Czechoslovakia, are equipped with RD-45 engines. Estimates of the number of aircraft produced of each type are based on the best available information on floor space, labor force, efficiency of the industry, date of first production, and on actual aircraft counts by reliable observers. It is believed that production estimates through mid-1954 are within a few percent of being correct. Estimates of future production are based on assumptions that the present scale of production effort will not change substantially and that newer aircraft types now being produced in the USSR will gradually replace older models in the Satellites after the Soviets begin production of new types of replacements for their present models. Estimates

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of engine output are based on requirements to keep pace with airframe output. There is good evidence as to the plants involved in engine production.

Naval

The figures on the strength of the East German Sea police are considered reliable. The figures on the Polish Navy are also considered reliable, although additional minor units may exist. The figures on the Romanian, Bulgarian, and Albanian navies are of a lesser order of reliability, but are believed to be generally accurate. They include some units now known to be in these navies, and others which were formerly present, and for which we can see no indications of their having been scrapped or transferred. Certain other small units may also exist, of which we have no knowledge.

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**CONFIDENTIAL**Note on Estimative Language

In the political section, and throughout the paper where figures are not used, the degree of validity of a statement concerning present conditions and of probability of a statement dealing with future developments is indicated by the following expressions:

<u>Statement</u>	<u>Approximate degree of certainty</u>
"It is almost certain that (almost certainly)"	90 percent or better
"It is probable that (probably)"	about 70-80 percent
"The chances are better than even that"	about 55-60 percent
"The chances are even that"	about 50 percent
"The chances are less than even"	about 45-40 percent
"It is probable that .... not (probably not)"	about 30-20 percent
"It is almost certain that... not (almost certainly not)"	10 percent or less
"It is possible (possibly)"	no estimate of probability

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